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FISCAL IMPACT STATEMENT

LS 7547

BILL NUMBER: HB 1553

NOTE PREPARED: Jan 12, 2009

BILL AMENDED:

SUBJECT: Contributions to Political Parties.

FIRST AUTHOR: Rep. DeLaney

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State

Summary of Legislation: *Political Party Enhancement Fund-* The bill establishes the Political Party Enhancement Fund (PPEF) to enhance the vitality of Indiana political parties. The bill establishes a voluntary program under which individuals may designate up to \$50 on their Indiana income tax returns to a particular political party to be paid from the fund.

Election Division- The bill requires the Election Division (ED) to accept direct contributions to the fund from any person authorized to make political contributions to a political party under Indiana law. The bill requires the ED to administer the fund. The bill requires a political party that wants to participate in the fund to register with the ED.

Contact By Political Party- The bill permits a contributor or a taxpayer also to authorize the political party to which a contribution has been made to contact the contributor or taxpayer through information provided by the contributor or the taxpayer. The bill prohibits contact information about the contributor or taxpayer to be provided unless the contact has been authorized by the contributor or taxpayer.

Annual General Fund Appropriation- The bill annually appropriates to the PPEF from the state General Fund an amount equal to 20% of the contributions made to the fund by taxpayers in addition to the contributions made to the PPEF by taxpayers. The bill appropriates money in the PPEF for distribution to the political parties.

Effective Date: July 1, 2009.

Explanation of State Expenditures: *Political Party Enhancement Fund-* This provision would require the

Department of State Revenue (DOR) to revise tax forms to include a new tax refund contribution checkoff. Additionally, the DOR would be required to transfer to the ED the name and contact information for each contributing taxpayer authorizing contact by a political party. The DOR estimates revision of tax forms would cost approximately \$50,000.

Election Division- The ED would administer the PPEF and register political parties wishing to receive contributions from the PPEF. If no further staff were required to administer the fund, the ED would be able to carry out these provisions within their existing level of resources. If a further staff member were needed, an account clerk COMOT 5 position would require compensation of approximately \$33,500 in FY 2010.

Annual General Fund Appropriation- The potential reduction to state expenditures is unknown. The state General Fund would be annually reduced by an amount equivalent to 20% of the contributions made to the PPEF in a year. For example, if the PPEF received \$100,000 from checkoff contributions, then the state General Fund would be reduced by \$20,000. Revenue appropriated from the General Fund would be distributed to the PPEF.

Background Information- Election Division- The Election Division reverted \$23,000 to the General Fund at the end of FY 2008. The Election Commission had no vacancies as of January 12, 2009.

Indiana Nongame and Endangered Wildlife Fund- This fund is the only income tax refund checkoff that exists under current statute. In tax year 2006, the Nongame and Endangered Wildlife Fund collected \$372,398 from 29,963 tax returns with an average of \$12.43 per filer.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DOR, ED, Auditor of State.

Local Agencies Affected:

Information Sources: *Indiana Handbook of Taxes, Revenues, and Appropriations*, Tom Conley, DOR; Staffing Report 1/12/2009.

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